

**This form was updated and redesigned to provide counselors with a detailed outline of activities contained in a Level 5b Counseling session with EHLP Approved Homeowners. All updates will be indicated in red text. This tool is provided as guidance and should be used in coordination with Level 5b Counseling Tools as listed in the resources section of this document.**



Agenda Item	Considerations
Welcome	<ol style="list-style-type: none"> <li>1. Describe time constraints</li> <li>2. Identify their language preferences</li> </ol>
Appointment Overview	<ol style="list-style-type: none"> <li>1. Goal is to make aware of the purpose of the appointment.</li> <li>2. Acknowledge hardship, compliment them on their tenacity</li> <li>3. Review topics to be covered during appointment: <ul style="list-style-type: none"> <li>~ Loan Documents (Final closing docs, if accessible, or closing letter)</li> <li>~ Rights and Responsibilities</li> <li>~ When to contact the Counseling Agency</li> <li>~ When the Counseling Agency will contact Homeowner(HO)</li> <li>~ Recertification</li> <li>~ What Happens When the Assistance Period Ends</li> <li>~ Loan Forgiveness</li> </ul> </li> </ol>
Highlighting Loan Details	<p><b>Both Counselor and HO should have the specific EHL Promissory Note, Security Instrument and Loan Description Acknowledgement available. If the final loan documents are not available, CAs should reference the HUD Closing Letter, the HUD Bi-Annual Status of Emergency Assistance letter and data in HOPE LoanPort as guidance to assist with the 5b counseling session.</b></p> <ol style="list-style-type: none"> <li>1. Goal is to get HO familiar with their loan documents and able to find important information.</li> <li>2. Highlight for the HO these details: <ul style="list-style-type: none"> <li>• the total loan amount</li> <li>• monthly assistance payment</li> <li>• monthly homeowner contribution payment,</li> <li>• mandatory reporting amount/triggers (includes income changes)</li> <li>• expected recertification date (month/year)</li> <li>• <b>anticipated program exit date (month/year)</b></li> </ul> </li> </ol>
EHL Homeowner Post Closing Counseling Summary and Confirmation (Summary)	<p><b>Make the Summary available to the HO either in hard copy or electronically before or at the beginning of the appointment. It is helpful to have the Summary completed before the call.</b></p> <ol style="list-style-type: none"> <li>1. Explain the purpose of the Summary is to ensure they understand all aspects of their EHL Assistance Loan.</li> <li>2. Counseling agencies must obtain HO's signature confirming review of program roles and expectations. <ul style="list-style-type: none"> <li>○ Documented verbal or electronic signatures/authorizations for telephonic and online appointments are acceptable.</li> </ul> </li> </ol>
Reviewing Current Mortgage Responsibilities	<p><b>Have the following information available. It will be in the counseling agency's file or HLP:</b></p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> Mortgage Payment</li> <li>• 1<sup>st</sup> Mortgage Company</li> <li>• Is 1<sup>st</sup> Mortgage an ARM?</li> <li>• Is 1<sup>st</sup> Mortgage Escrowed?</li> <li>• 2<sup>nd</sup> Mortgage Payment</li> <li>• 2nd Mortgage Company</li> <li>• Is 2<sup>nd</sup> Mortgage an ARM?</li> </ul> <ol style="list-style-type: none"> <li>1. Ask HO to go to Section 3 of the Summary.</li> <li>2. Complete with HO the information in the boxes as listed above.</li> <li>3. Explain that even though the EHL Assistance Payments are being made to BNY Mellon, HO still has a contractual agreement with their mortgage company.</li> <li>4. Advise HO to open mail or answer calls from the first mortgage company.</li> </ol>

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Reviewing EHLP Loan and Payment Information	<p>Have the following information available (<b>as applicable</b>). It will be in the borrower's final closing docs, closing letter, client file, <b>HUD Bi-Annual Status of Emergency Assistance letter</b> and/or HLP:</p> <ul style="list-style-type: none"> <li>• EHLP Assistance Loan Amount*</li> <li>• Number of Months Assistance*</li> <li>• EHLP Monthly Assistance Amount*</li> <li>• Homeowner Contribution Payment Amount*</li> <li>• Expected First Payment Date*</li> <li>• Expected Last Payment Date*</li> <li>• Payment Due Date</li> <li>• Contribution Payment Made Out To</li> <li>• Contribution Payment Sent To</li> <li>• Second Mortgage Payment</li> <li>• Second Mortgage Payment Sent To</li> </ul> <p><i>*Note: For the purposes of this agenda, counselor should make best efforts to obtain and utilize final approved loan assistance information contained in the HO's loan description acknowledgement and other final closing documents, the HUD Bi-Annual Status of Emergency Assistance Letter and other information available in HLP. The HO must be advised the information reviewed is based on expected estimates provided within the HO's loan description acknowledgement, the HUD Bi-Annual Status of Emergency Assistance Letter or information contained in HLP and is subject to change. The amount and duration of EHLP emergency assistance may change from time to time based on changes in the borrower's documented financial information (including, but not limited to, changes in income and changes in escrowed property taxes and insurance premiums).</i></p> <ol style="list-style-type: none"> <li>1. Review with HO Section 4 of the Summary.</li> <li>2. Review the total amount of assistance available to the HO and the amount of the monthly assistance. Have the HO add that to their copy of the Summary. Remind the homeowner that per federal law, the total amount of assistance cannot exceed \$50,000 or 24 months.</li> <li>3. Review the HO Contribution Payment Amount. Explain that this is the portion of their mortgage payment they must pay.</li> <li>4. Discuss the first payment date. Explain the HO will receive a statement when the first payment is due.</li> <li>5. Emphasize that the payment MUST be RECEIVED by the 15<sup>th</sup> of the month or the payment is considered late. No grace period.</li> <li>6. Encourage them to consider their payment due on the first (1<sup>st</sup>) to avoid any default on the EHLP loan. <b>Two consecutive missed payments</b> and the HO is removed from the program and the assistance ends.</li> <li>7. Explain that their Contribution Payment is to be made out to the Bank of New York Mellon and mailed to their contractor, Dovenmuehle Mortgage, at the address provided on the HO's EHLP billing statement. There also is an option to make a payment by phone for a small fee. Payment questions should be directed to Dovenmuehle Mortgage at the number shown on the EHLP statement.</li> <li>8. Emphasize that if the HO sends their EHLP Contribution Payment to the wrong lender, it will NOT be applied until it is received by Bank of New York Mellon/Dovenmuehle Mortgage. If this causes the payment to be received after the 15th of the month it is due, it will be considered late.</li> <li>9. Explain that payments are paid forward. Refer them to the example in the Summary. In the example, the February Contribution Payment is added to the EHLP Assistance and then sent to the mortgage company for March.</li> <li>10. Explain the HO is responsible for making the 2<sup>nd</sup> mortgage payment directly to the mortgage company.</li> <li>11. If the 2<sup>nd</sup> mortgage is delinquent, explain that the counseling agency can assist the HO in resolving the delinquency.</li> </ol>

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Reviewing Escrow Items	<p><b>Have the following information available. It will be in the counseling agency's file or HLP:</b></p> <ul style="list-style-type: none"> <li>• <b>Whether loan is escrowed or not</b></li> <li>• <b>Amount of annual taxes and insurance if non-escrowed</b></li> </ul> <ol style="list-style-type: none"> <li>1. Refer HO to Section 5 of the Summary. If first mortgage is escrowed, explain to HO that their taxes and insurance are paid as a part of their first mortgage payment. Review with HO and check the appropriate box.</li> <li>2. If not escrowed, identify the amount of annual taxes and insurance. Review with HO to check appropriate box and fill-in the amounts as indicated. Explain to HO that the HO is required to pay these items on their own and that these items will be included as a monthly expense on their budget.</li> </ol>
Mortgage Payment Changes	<p><b>Refer HO to Section 6 of the Summary.</b></p> <ol style="list-style-type: none"> <li>1. Explain that three items can cause the total mortgage payment to change: <ul style="list-style-type: none"> <li>• Changes in Property Taxes</li> <li>• Changes in Insurance Premiums</li> <li>• Interest Rate changes</li> </ul> </li> <li>2. Explain that if any of these items change, the HO's monthly Contribution Payment will not change. Any additional amount necessary to make the full mortgage payment will be paid from the HO's EHLP Assistance Loan.</li> <li>3. Explain that this will mean either that their total loan amount may be changed or the length of time they receive assistance may be changed.</li> <li>4. Explain that if the HO enters a permanent loan modification on their first mortgage AFTER closing on the EHLP loan, any change to the first mortgage payment amount will be treated by HUD as a mortgage payment change described here. The HO's monthly Contribution Payment will not change. The monthly amount paid by HUD may change to correspond with the change in the first mortgage amount.</li> <li>5. Explain that HUD will provide a Bi-Annual Status of Emergency Assistance letter notifying them of any mortgage payment changes and identify the changes in the total loan amount or changes in the length of time they will receive monthly assistance.</li> </ol>

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Income Changes	<p><b>Refer HO to Section 7 of the Summary.</b></p> <ol style="list-style-type: none"> <li>1. Emphasize that the HO must notify the counseling agency if their total GROSS income is more than \$_____ for <b>at least 90 consecutive days</b>. This amount is found in Section 5 of the Loan Description Acknowledgement (LDA) or notification threshold can be found in HLP. (Counseling agency is to use the most up to date notification threshold information.) Explain this amount is the lesser of: 1) household income as calculated by HUD at loan approval plus \$750; OR 2) the amount of income where 31% of the household income is equal to or greater than the total first mortgage payment (i.e. the point at which the household can afford the mortgage payment).</li> <li>2. Explain to the HO that this takes into account the gross income of all persons on the EHLP note, including those who do not live in the home. This would be all the same people whose income was included in the application.</li> <li>3. Explain that if the income increases above the notification threshold and has been sustained for <b>90 days</b>, the HO must notify the counseling agency prior to making their next EHLP Contribution Payment. If they do not notify the counselor, their assistance will end and their loan will not be forgivable.</li> <li>4. Explain that the counseling agency will review their income docs and determine if the EHLP Monthly Payment Assistance must be reduced. If it is reduced, then the HO will have to make a higher Contribution Payment. Explain that if the reported income increase is an amount sufficient for the HO to afford resuming full responsibility for making their entire first mortgage payment, HUD will stop making the monthly assistance payments and the HO will be exited from the program.</li> <li>5. Explain that HO's are not required to report a decrease of income, but may choose to do so if the total GROSS income of all persons on the EHLP note drops below \$_____ <b>for at least 30 consecutive days</b>. Explain this means there must be at least a 20% decrease in total income in order to report a change.</li> <li>6. Emphasize that the HO should contact the counseling agency if any of the three events below occur to see if they qualify for a Hardship Waiver which will reduce their EHLP Contribution Payment: <ul style="list-style-type: none"> <li>• Unemployment benefits end</li> <li>• Self employment income is reduced for 12 months</li> <li>• Out of pocket medical expenses are more than \$125 for more than 3 months</li> </ul> </li> </ol>

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EHLP Loan Repayment	<p><b>Refer HO to Section 8 of the Summary and the applicable sections in the loan documents.</b></p> <ol style="list-style-type: none"> <li>1. Emphasize that if the HO defaults on their EHLP loan, their assistance will end and they will not be eligible for having a portion of the EHLP assistance forgiven.</li> <li>2. Explain that default means that one of the following happened while they were receiving EHLP Assistance: <ul style="list-style-type: none"> <li>• HO missed their EHLP contribution payment <b>two consecutive months in a row</b></li> <li>• HO did not report a required change in their income or residency</li> <li>• HO did not attend the Recertification Appointment</li> <li>• HO no longer lives in the property but still owns it</li> <li>• HO sold, leased or transferred ownership of the home (except the lease of a unit in a multi-unit dwelling)</li> <li>• HO refinanced the 1<sup>st</sup> mortgage and received cash from the refinancing (or 2<sup>nd</sup> mortgage if applicable)</li> <li>• HO committed fraud in connection with their EHLP loan or application</li> <li>• HO did not keep the terms of the EHLP loan (as described in the loan documents) and/or the terms of the original first mortgage loan</li> </ul> </li> <li>3. <b>HUD's National Servicing Center will service all EHLP loans once exited from the program.</b></li> </ol>																				
Loan Forgiveness	<p><b>Have the following information available:</b></p> <ul style="list-style-type: none"> <li>• <b>Total EHLP Assistance Loan Amount</b> <ul style="list-style-type: none"> <li>○ This can be found in the loan documents <b>or in the HUD Bi-Annual Status of Emergency Assistance letter.</b></li> </ul> </li> <li>• <b>The schedule of forgiveness for the HO's loan</b></li> </ul> <p><b>Example: Loan Amount \$42,500</b></p> <table border="1" data-bbox="347 1010 1372 1516"> <tbody> <tr> <td>First Year Forgiveness Amount</td><td>Ending Balance</td></tr> <tr> <td>\$8,500      (\$42,500/.20 = \$8,500)</td><td>\$34,000      (\$42,500 - \$8,500)</td></tr> <tr> <td>Second Year Forgiveness Amount</td><td>Ending Balance</td></tr> <tr> <td>\$8,500      (\$42,500/.20 = \$8,500)</td><td>\$25,500      (\$34,000 - \$8,500)</td></tr> <tr> <td>Third Year Forgiveness Amount</td><td>Ending Balance</td></tr> <tr> <td>\$8,500      (\$42,500/.20 = \$8,500)</td><td>\$17,000      (\$25,500 - \$8,500)</td></tr> <tr> <td>Fourth Year Forgiveness Amount</td><td>Ending Balance</td></tr> <tr> <td>\$8,500      (\$42,500/.20 = \$8,500)</td><td>\$8,500      (\$17,000 - \$8,500)</td></tr> <tr> <td>Fifth Year Forgiveness Amount</td><td>Ending Balance</td></tr> <tr> <td>\$8,500      (\$42,500/.20 = \$8,500)</td><td>\$0      (\$8,500 - \$8,500)</td></tr> </tbody> </table> <ol style="list-style-type: none"> <li>1. Explain the EHLP Assistance Loan may be forgiven if the homeowner does not default for five years after the EHLP Assistance has ended.</li> <li>2. Explain that 20% of the loan will be forgiven each year they successfully do not default. If there is no default for the five years following the ending of the EHLP Assistance Payments, the loan will be considered paid in full.</li> <li>3. Explain if there is a default, the HO is no longer eligible for the loan forgiveness and the balance of the EHLP Loan at the time of the default will be the amount that will have to be repaid.</li> <li>4. Refer HO to the chart in Section 8 of the Summary that describes their estimated loan forgiveness schedule.</li> </ol>	First Year Forgiveness Amount	Ending Balance	\$8,500      (\$42,500/.20 = \$8,500)	\$34,000      (\$42,500 - \$8,500)	Second Year Forgiveness Amount	Ending Balance	\$8,500      (\$42,500/.20 = \$8,500)	\$25,500      (\$34,000 - \$8,500)	Third Year Forgiveness Amount	Ending Balance	\$8,500      (\$42,500/.20 = \$8,500)	\$17,000      (\$25,500 - \$8,500)	Fourth Year Forgiveness Amount	Ending Balance	\$8,500      (\$42,500/.20 = \$8,500)	\$8,500      (\$17,000 - \$8,500)	Fifth Year Forgiveness Amount	Ending Balance	\$8,500      (\$42,500/.20 = \$8,500)	\$0      (\$8,500 - \$8,500)
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Recertification and Transition Appointments	<p><b>Have the recertification date (month/day/year) available; it can be found by calculating the 15<sup>th</sup> day of the 12 month of since receiving EHLPP assistance or by viewing the date in HLP (if applicable).</b></p> <p>Refer the HO to Section 9 of the Summary.</p> <ol style="list-style-type: none"> <li>1. Emphasize that the HO is REQUIRED to attend a Recertification Appointment before _____ <u>Recertification Due Date (month/day/year)</u> _____. Have HO insert that date into the blank in Section 9 of the Summary.</li> <li>2. Explain that the recertification process will be very similar to the application process. The following items will be reviewed: <ul style="list-style-type: none"> <li>• The HO will have to provide income documents for all the persons listed on the mortgage loan.</li> <li>• The HO will have to prove they continue to live in the property.</li> </ul> </li> <li>3. Explain that the counseling agency will contact the HO as early as the 10<sup>th</sup> month and no later than the 11<sup>th</sup> month of their EHLPP Assistance to set up the recertification appointment. A non-response will indicate that the HO is no longer interested in receiving EHLPP assistance.</li> <li>4. If the HO does not attend the recertification appointment, the EHLPP assistance will end immediately and the HO will not qualify for any loan forgiveness.</li> <li>5. Explain to the HO that Transition Counseling will be offered to the homeowner, and if they attend they will be eligible: <ul style="list-style-type: none"> <li>• To receive a portion of the funds from the sale of the home to be used for moving expenses</li> </ul> </li> </ol>
Budget Approach	<ol style="list-style-type: none"> <li>1. The counselor should use a budget format that meets National Industry Standards. <b>This could include budget forms found in client management systems or the NFMCC budget form. The counselor should guide the HO through the development of a current and realistic budget designed with the goal of the HO resuming full mortgage payments at the end of the EHLPP assistance. The budget should be based on financial information already collected for the loan application and any new documentation provided at the time of the 5b counseling session.</b></li> <li>2. <b>*Documents required for budget development:</b> <ul style="list-style-type: none"> <li>• Current Credit Report</li> <li>• Current Monthly Bill Statements</li> <li>• Current Bank Statements</li> <li>• Most Recent Income Tax Returns</li> <li>• Current Pay Stubs</li> <li>• Other Current Income Documentation</li> <li>• May include previously provided information and new documentation</li> </ul> <p><b>*Supporting documentation must not be older than 6 months from the date of the counseling appointment.</b></p> </li> <li>3. The budget must be comprehensive and based in reality. All debt, expenses and spending must be accounted for. This is a hybrid budget counseling approach as it entails the financial coaching of pre-purchase budget counseling and the harsh realities of foreclosure intervention counseling.</li> </ol>

Agenda Item	Considerations
Budget Development	<ol style="list-style-type: none"> <li>1. The counselor should review the HO's debt, expenses and spending with the HO. Specifically asking the following questions: <ul style="list-style-type: none"> <li>• What has changed since the application appointment and/or the last counseling appointment?</li> <li>• What debt has been paid off?</li> <li>• Has the income situation changed?</li> </ul> </li> <li>2. Based on the financial answers provided by the HO, the counselor should determine the budget shortfall and provide the HO with that information. The Counselor should ask at least the following questions: <ul style="list-style-type: none"> <li>• Is that higher or lower than you expected?</li> <li>• Are there any items you are easily able to reduce or eliminate?</li> <li>• What items are untouchables?</li> </ul> </li> <li>3. Counselor should recalculate the shortfall based on the adjustments identified by the HO and provide the new shortfall amount and ask the following question: <ul style="list-style-type: none"> <li>• Of the items that are not in the untouchable category, which ones are worth reducing, eliminating or deferring in order to be successful with your EHLP Assistance goal of returning to making your payments?</li> </ul> </li> <li>4. If it is apparent that with the income the HO has that even with significant budget revisions that exclude the untouchables, the HO will be unable to balance their budget, then the counselor should request that the HO prioritize the "untouchables". Ask the HO to consider temporary cuts or temporary elimination of these items until the HO is re-employed.</li> <li>5. When the HO is eliminating or reducing items, the counselor should share ways the HO can incorporate low cost or no cost versions of the item. For instance giving up cable but renting movies and books from the library instead.</li> </ol>
Referrals and Other Assistance Resources	Based on the HO's budget and issues that have been uncovered in the budget process, the counselor should provide the HO with a comprehensive list of referrals and other assistance resources that will address the immediate budget issues as well as help the HO work toward the goal of re-employment.
Action Plan	<p>Borrower and CA will develop a written Action Plan for follow up activities.</p> <p>The Action Plan:</p> <ul style="list-style-type: none"> <li>• Must be signed</li> <li>• Must Meet The National Industry Foreclosure Counseling standards</li> <li>• Must include the information in the EHLP Action Plan template</li> <li>• May include more steps than typical foreclosure intervention action plan</li> <li>• Important to group tasks into manageable numbers</li> <li>• Must include specific goals and steps the Borrower will take in order to be able to resume full mortgage payments by the program's end including other foreclosure mitigation solutions</li> </ul>



## **Additional Resources**

### **Level 5b Tools**

- **EHLP Homeowner Post Closing Counseling Summary and Confirmation:**
  - <http://nfmcmembers.org/documents/ehlp-homeowner-post-closing-counseling-summary-and-confirmation>
- **EHLP Action Plan:**
  - <http://nfmcmembers.org/documents/level-5-action-plan>
- **EHLP Referral Builder:**
  - <http://nfmcmembers.org/documents/level-5-referral-builder>

### **Guidelines and Other Resources**

- **CA Roles and Responsibilities Post-Approval Guidelines:**
  - <http://nfmcmembers.org/documents/counseling-agency-post-approval-guidelines>
- **CA Post Approval Frequently Asked Questions:**
  - <http://nfmcmembers.org/documents/counseling-agency-post-approval-frequently-asked-questions>
- **EHLP Quick Reference Guide- Calculating Borrower Income:**
  - <http://nfmcmembers.org/documents/ehlp-quick-reference-guide-calculating-borrower-income>
- **EHLP Funding Announcement:**
  - <http://nfmcmembers.org/documents/funding-announcement-3>
- **HUD Two Missed Payments Policy:**
  - <http://nfmcmembers.org/documents/hud-policy-change-on-missed-contribution-payments-and-terminations>
- **Recertification Quick Start Guide:**
  - <http://nfmcmembers.org/documents/recertification-quick-start-guide>
- **Tip Sheet for the HOPE LoanPort (HLP) Timeline Report:**
  - <http://nfmcmembers.org/documents/tip-sheet-for-the-hope-loanport-hlp-ehlp-timeline-report>

### **Sample Loan Documents from HUD:**

- **Sample Closing Letter:**
  - <http://nfmcmembers.org/documents/sample-hud-closing-letter>
- **Sample Promissory Note, Mortgage/Deed of Trust, and Loan Description Acknowledgement:**
  - <http://nfmcmembers.org/documents/sample-hud-ehlp-loan-documents>
- **Sample Puerto Rican Promissory Note, Mortgage/Deed of Trust, Loan Description Acknowledgement (FOR PUERTO RICO BORROWERS ONLY):**
  - <http://nfmcmembers.org/documents/sample-hud-ehlp-loan-documents-puerto-rican-spanish-versions>
- **Sample HUD EHLP Bi-Annual Status of Emergency Assistance Letter:**
  - <http://nfmcmembers.org/documents/sample-hud-ehlp-status-of-emergency-assistance-letter>